

MICHAEL C. MCKEOGH

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March 20, 2003

State of Louisiana
Department of Natural Resources
Office of Mineral Resources
State Mineral Board
Post Office Box 2827
Baton Rouge, Louisiana 70821-2827

Attention: Ms. Lynn Henderson

RE: State Lease Sale Dated June 11, 2003
Two (2) Tracts
White Lake Area
Vermilion Parish, Louisiana

Ladies and Gentlemen:

In accordance with the provisions of Act No. 92 of the Regular Session of the Louisiana Legislature of 1942, the State Mineral Board will advertise and receive bids on June 11, 2003 for an oil and gas lease or leases by the State of Louisiana on White Lake acreage.

The provisions of said Act No. 92 require that, within sixty (60) days after the granting by the State Mineral Board of a state lease, said lessee from the State shall obtain a lease on the White Lake acreage from the Acadia Vermilion Rice Irrigation Company, Inc.

This is to advise that, within (60) days after the granting of a lease by the State Mineral Board of such acreage, or any part or parts thereof, LLOG Exploration Company, L.L.C. (successor in title from Energy Development Corporation) and AVRICO, Inc., together successors in ownership to Acadia Vermilion Rice Irrigation Company, Inc., will grant to the State's lessee an oil, gas and mineral lease or leases for a consideration equal to the following:

1. fifty percent (50%) of the amount to be paid to the State in cash payment money for lease bonus and rentals; and,
2. fifty percent (50%) of the royalty payable to the State but, in no event, to be less than a total aggregate royalty of 25% to the State and the required private lease or leases, resulting, therefore, in a minimum royalty of 8.333% of

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8/8ths, net, to LLOG Exploration Company, L.L.C. and AVRICO, Inc.

The form of lease which will be executed by the undersigned will follow closely the form executed by the State Mineral Board on behalf of the State, inclusive of a paragraph providing that, at the end of the primary term of the lease, lessee shall release in favor of lessors (LLOG Exploration Company, L.L.C. and AVRICO, Inc.) all of lessee's right, title and interest in such lease or leases as to all depths 100 feet below the deepest formation producing, or deepest formation, behind pipe, capable of producing, at the expiration of the primary term.

It will be required that the lessee shall be a person, company or corporation having sufficient financial strength, technical organization and the necessary experience to properly develop the property.

Please call if you require further documentation of our respective concurrences.

Very truly yours,

LLOG EXPLORATION COMPANY, L.L.C.

By: 

MICHAEL C. MCKEOGH, ATTORNEY-IN-FACT

AVRICO, INC.

By: 

ALBERT MINTZ, PRESIDENT